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ABSTRACT

This audit from the Texas State Auditor's Office presents the findings of the 1995 enrollment audit of the Texas Public Community/Junior and Technical Colleges. The findings indicate that the 1996-1997 appropriations should be reduced by $2,251,182, which represents 0.18% of the colleges' $1.2 billion in state contact hour appropriations. Nine of the 42 colleges audited had compliance errors that resulted in over-claiming contact hour funding and 54 of the 57 public colleges voluntarily disclosed 4,767 corrections to the certified enrollment data. Among the key facts and findings are the following: Texas State Technical College (TSTC) reported more than $362,000 in contact hour formula funding related to apprenticeship training courses operated by another entity, rather than through direct supervision by the college. However, a reduction to appropriations was not recommended, as it would prove deleterious to the college. South Texas Community College (STCC) was out of compliance with Texas Higher Education Coordinating Board rules and regulations of contact hour formula of approximately $1.5 million. Only $164,000 in reductions were recommended, as the compliance errors can be largely attributed to the staff of the new college being unfamiliar with community college rules and regulations. (NB)

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ED 464 683

Public Community/Junior and Technical Colleges – An Enrollment Audit

L. Flores

State Auditor's Office
Robert E. Johnson Building
1501 North Congress Avenue, Suite 4.224
Austin, TX 78701

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Key Points Of Report

An Enrollment Audit of the Public Community/Junior and Technical Colleges

November 1995

Overall Conclusion

The result of the 1995 public community/junior and technical college enrollment audit indicates that the 1996-1997 appropriations should be reduced by $2,251,182. In addition to the proposed funding reduction, significant concerns were noted at Texas State Technical College - Amarillo and South Texas Community College.

Key Facts And Findings

- Funding reductions in the amount of $2.25 million are recommended for compliance errors, self-reported corrections, and reductions related to spring semester overestimations. These reductions represent 0.18 percent of the $1.2 billion in state contact hour appropriations.

- Texas State Technical College (TSTC) - Amarillo reported more than $362,000 in contact hour formula funding related to apprenticeship training courses operated by another entity under the rules of the Bureau of Apprenticeship and Training, rather than through direct supervision by the college. Due to the fact that appropriation reductions would adversely affect Amarillo College (effective September 1, 1995, TSTC - Amarillo's operations have been assumed by Amarillo College), a reduction to appropriations is not recommended.

- South Texas Community College was out of compliance with Texas Higher Education Coordinating Board rules and regulations for contact hour formula funding in an amount of approximately $1.5 million. Only $164,000 of this is included in our recommended reductions. The high percentage of compliance errors can be largely attributed to the staff of the new college being unfamiliar with community college rules and regulations.

Contact

Barnie Gilmore, CPA, Audit Manager (512) 479-4700

Office of the State Auditor
Lawrence F. Alwin, CPA

This compliance audit was conducted in accordance with Government Code, §321.0133.

Executive Summary

The result of the 1995 public community/junior and technical college enrollment audit indicates that the 1996-1997 appropriations should be reduced by $2,251,182. This represents 0.18 percent of their $1.2 billion in state contact hour appropriations. These reductions come from audit sampling projections (attribute testing and class size testing), self-reported reductions, and reductions relating to spring semester overestimations. In addition to the proposed funding reduction, significant concerns were noted at Texas State Technical College - Amarillo and South Texas Community College.

Summary of Proposed Adjustments

(See Figure 1 for a breakdown of the $2.25 million.)

Our attribute sampling projections resulted in $765,471 of proposed funding reductions. Nine of the 42 colleges audited had compliance errors which resulted in over-claiming contact hour funding. Our class size sampling projections resulted in $267,585 of proposed funding increases. The dollars to support this increase come from a reallocation of other funding reductions recommended by this audit. Overall, there was conservative reporting by the colleges when reporting the number of students eligible for state funding. Adjustments are being recommended at 19 of the 42 colleges audited (11 of which are funding increases and 8 are funding reductions).

Items self-reported by the colleges result in $1,515,955 of proposed funding reductions. Forty-four of the 57 public community/junior colleges voluntarily disclosed 4,767 corrections to the certified enrollment data. The colleges are commended for their efforts to make corrections to the certified enrollment data.

Overestimation of the spring 1995 semester enrollment amounted to $237,341 in proposed funding reductions. The accuracy of the spring semester estimates has dramatically improved over the past three bienniums.

Figure 1

SUMMARY OF PROPOSED ADJUSTMENTS

Attribute Testing Projected Reductions	($765,471)
Class Size Testing Projected Increases	$267,585
Self-Reported Reductions	($1,515,955)
Spring Semester Adjustment Reductions	($237,341)
TOTAL	**($2,251,182)**

Questionable Practices Relating to Apprenticeship Training at TSTC - Amarillo Resulted in Noncompliance with Contact Hour Formula Funding Requirements

Texas State Technical College (TSTC) - Amarillo reported more than $362,000 in contact hour formula funding for the 1996-1997 biennium related to courses that they did not develop or instruct. These contracted courses are apprenticeship courses which were operated by another entity under rules of the Bureau of Apprenticeship and Training, rather than through direct supervision by the college. To be eligible for contact hour funding, the college must maintain direct control over the instruction, quality, and record keeping of the courses.

Due to the fact that appropriation reductions would adversely affect Amarillo College (effective September 1, 1995, TSTC - Amarillo's operations have been assumed by Amarillo College), Dr. Kenneth Ashworth, Commissioner of the Texas Higher Education Coordinating Board, and the State Auditor's Office are not recommending that this reduction be made.

Tuition Collection and Enrollment Reporting Procedures at South Texas Community College Resulted in Noncompliance with Contact Hour Funding Requirements

Noncompliance with community college procedures for the collection of tuition and the preparation of Texas Higher Education Coordinating Board enrollment reports resulted in South Texas Community College (STCC) not being eligible to claim approximately $1.5 million in state appropriations for the biennium.

An estimated $1.3 million of formula funding appropriations for the 1996-1997 biennium are in noncompliance because students were allowed to pay tuition through installment payments, which is in violation of state law. Recognizing that STCC was in a period of transition (prior to September 1, 1993, STCC was an extension of the Texas State Technical College - Harlingen campus, operating under laws and rules pertaining to senior colleges and universities), the Commissioner of the Texas Higher Education Coordinating Board plans to recommend to the Board that no funding deletions be made for STCC using tuition installments.

STCC also had other compliance errors for not collecting the proper amount of tuition by the official reporting date, not reporting accurate student enrollment (mostly underreporting), and the self-reported corrections to the certified enrollment data. These errors, amounting to almost $164,000, are recommended for reduction.

Summary of Management's Responses

Management generally concurs with the findings and recommendations contained in this report. The colleges have begun taking corrective action and implementing our recommendations. This report will be presented to the Board of the Texas Higher Education Coordinating Board for their review and action to reduce funding amounts.

Summary of Objective, Scope and Methodology

The objective of the biennial enrollment audit is to determine compliance with Texas Higher Education Coordinating Board rules and regulations, the general provisions of the General Appropriations Act, and provisions of the Texas Education Code.

The audit scope and methodology primarily included:

- using an attribute sampling methodology to test the accuracy of the hours used in the contact hour base period for establishing appropriation levels
- reviewing self-reported corrections of the colleges and calculating the appropriate adjustment amounts
- calculating an adjustment amount for spring semester estimates reviewing admission policies and procedures used by the colleges

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Section 1

State Appropriations for Public Community/Junior and Technical Colleges Should Be Reduced by $2,251,182

The 1996-1997 appropriations of public community/junior and technical colleges should be reduced by $2,251,182 according to data collected as part of the statutorily required enrollment audit. This amounts to 0.18 percent of their $1.2 billion in state contact hour appropriations. Funding adjustments come from three areas:

•	Audit Sampling Projections	
	Attribute Testing Reductions	($765,471)
	Class Size Testing Increases	$267,585
•	Self-Reported Reductions	($1,515,955)
•	Spring Semester Adjustment Reductions	($237,341)
	Total	**($2,251,182)**

Compliance with state contact hour funding requirements has been increasing over the past three audits. Recommended funding reductions were $3.8 million for the 1991 enrollment audit and $2.3 million for the 1993 enrollment audit. (Appendix 4 includes a summary of the recommended reductions and errors by college.)

Not included in the $2.25 million noted above are two issues which are not being recommended for adjustment. There were $1.3 million in tuition collection compliance errors at South Texas Community College and $362,000 in questioned contracting practices at Texas State Technical College - Amarillo. Due to unique circumstances at these two colleges, the Commissioner of the Texas Higher Education Coordinating Board will recommend to the Board that these reductions not be made. (Refer to Section 2 of this report for more detail.)

Section 1-A

Audit Sampling Exceptions Project $497,886 in Funding Reductions at 22 Colleges

Sample testing errors at 22 of the 42 colleges tested caused a net recommended reduction to appropriations of $497,886. The sample error rates are projected to the total population to determine the expected error in the population. This amount is the net result of $765,471 in overfunding from attribute testing and $267,585 of under-funding from class size testing. (Refer to Appendix 3 for sampling and testing methodology.)

Compliance Errors in Attribute Testing Results in Recommended Reductions of $765,471. Nine of the 42 colleges audited had compliance errors which resulted in overclaiming contact hour funding. The projection of the sampling error rate amounts

to $765,471 of expected errors in the total population. Figure 2 lists the colleges with compliance errors as well as the number of errors, attributes in error, and the extrapolated error amounts.

The sample attributes tested included:

- adhering to Texas Academic Skills Program (TASP) requirements
- documenting residency and establishing proper tuition amounts
- collecting proper tuition by the official reporting date (ORD)
- granting appropriate tuition exemption and waivers
- calculating and granting proper tuition refunds
- recording attendance in non-semester length courses

Figure 2

Nine Colleges Had Compliance Errors [1]

Attribute Sampling Testing Results (531 sample items tested)				
College	**Number of Errors**			**Projected Compliance Error - Funding Reduction for Biennium**
	TASP	**Collection of Tuition by ORD**	**Add/Drops and Refunds**	
Amarillo College	1			$ 41,422
Angelina College			1	23,353
College of the Mainland	2			45,288
Dallas County Community College District	2			471,917
McLennan Community College	1			36,390
Ranger Junior College		1		0[2]
South Plains College		1		36,866
South Texas Community College		6		92,445
Southwest Texas Junior College		1		17,791
TOTALS	**6**	**9**	**1**	**$765,471**

[1] Figure 2 does not include instances of noncompliance at South Texas Community College for collecting tuition using installment payments and Texas State Technical College - Amarillo Campus (merged with Amarillo College effective September 1, 1995) for inadequate attendance documentation on questionable contract apprenticeship courses. These two issues are discussed separately in Section 2 of this report at page 12.

[2] Ranger College only receives the base amount of appropriations. General Appropriations Act (H.B. 1, Article III-192, Rider 8, 74th Legislature, R.S.) states that no college shall have their appropriations adjusted below $2,000,000. There was one error in a sample of 114. Due to the above rider, testing was not expanded nor results projected.

The number of colleges with exceptions and the number of exceptions noted during attribute testing has decreased from the previous enrollment audit. Decreasing exceptions is a result of colleges self-reporting known instances prior to audit testing. (Refer to the "Colleges' Self-Reporting of Corrections to the Certified Enrollment Data Nets $1,515,955 in Funding Reductions," Section 1-B, page 10.)

Recommendation:

Colleges should continue to monitor and improve their control systems, ensuring the accuracy of the eligible hours submitted for contact hour funding. Colleges are only eligible to receive state appropriations when they are in compliance with state funding rules.

Texas Higher Education Coordinating Board Response:

The Coordinating Board concurs in the recommendation.

Conservative reporting of class size causes $267,585 in underfunding. Class size exceptions at 19 of the 42 colleges audited caused a net recommended increase to appropriations of $267,585. (The dollars to support these increases come from a reallocation of funding reductions recommended by this audit.) Eight colleges over-reported while another 11 underreported the number of students claimed for funding. For example, a college may report that 25 students were enrolled in a class when, in fact, only 24 were actually enrolled (overreporting); or conversely, 24 students were reported when the college was eligible to claim 25 students (underreporting). Accurately reporting the number of students in classes claimed for funding is essential in the appropriation process. The certified class roster must directly support the enrollment data submitted to the Texas Higher Education Coordinating Board for funding purposes.

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Figure 3

Nineteen Colleges Had Class Size Exceptions

Class Size Exceptions (531 classes tested)			
College	**Number of courses not directly supported**	**Net number of (over)/ underreported students**	**Projected Funding Adjustment increase (reduction)**
Alamo Community College District	5	(5)	($ 36,739)
Amarillo College	1	(1)	(1,458)
Angelina College	12	(13)	(13,237)
Austin Community College	4	(3)	(15,549)
Blinn College	8	1	1,639
Dallas County Community College District	2	(2)	(20,268)
Houston Community College System	10	8	83,304
Lamar University Institute of Technology - Beaumont	8	11	11,106
Lamar University - Orange	9	2	798
Laredo Community College	1	(1)	(1,805)
North Harris Community College	20	14	58,626
Northeast Texas Community College	4	2	1,238
Odessa College	29	21	28,063
South Plains College	10	2	3,571
South Texas Community College	147	208	151,359
Southwest Texas Junior College	1	(1)	(727)
TSTC - Harlingen Campus	16	11	16,264
TSTC - Sweetwater Campus	58	(9)	(9,597)
Tyler Junior College	7	6	10,997
TOTALS	**352**	**251**	**$267,585**

Recommendation:

Colleges should ensure that internal control procedures for submitting enrollment data to the Texas Higher Education Coordinating Board include a quality control process. This process would include verifying that certified class rosters directly support the reported enrollment data. Documentation for reconciling the reported amount and the actual certified roster should be maintained.

Texas Higher Education Coordinating Board Response:

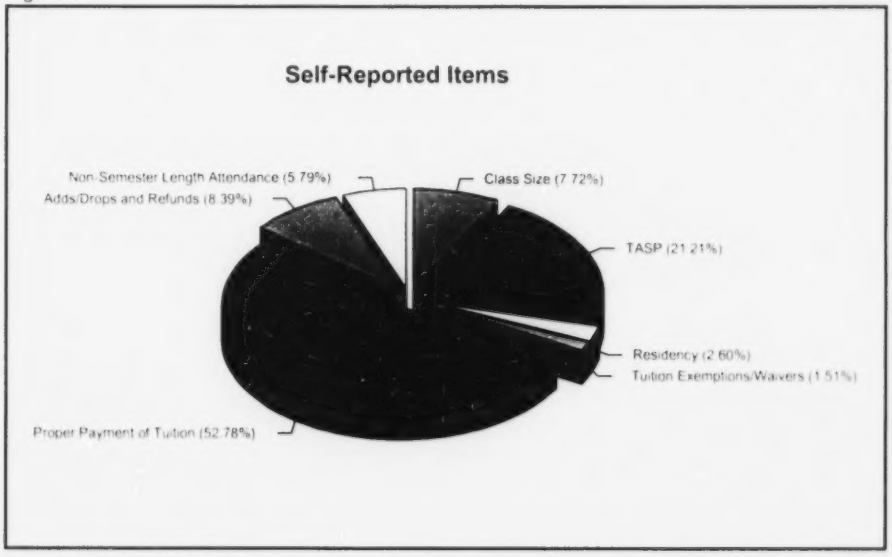
The Coordinating Board concurs in the recommendation.

Section 1-B

Colleges' Self-Reporting of Corrections to the Certified Enrollment Data Nets $1,515,955 in Funding Reductions

Forty-four of the 57 public community/junior and technical colleges voluntarily disclosed 4,767 corrections (compliance errors and unreported items), netting $1,515,955 in funding reductions. The two areas which were most often self-reported were that of collection of tuition by the official reporting date and compliance with the Texas Academic Skills Program requirements. Figure 4 shows, by attribute, the

Figure 4



distribution of the self-reported items. (Refer to Appendix 4.5 for detailed self-reporting by college.)

Often after the enrollment data has been reported to the Texas Higher Education Coordinating Board and certified, the college discovers inadvertent errors (including non-reported items) in the reports. Prior to any audit testing, the colleges were encouraged to self-report any known instances of errors in the enrollment data reports. All self-reported items adjusted funding based on the actual dollars associated with the self-reported error. This is usually to the colleges' benefit, since if those errors are identified through our audit sampling the results would be projected to the population. Self-reporting had a direct impact on our attribute testing. By self-reporting these

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errors, fewer instances of noncompliance were found in our attribute sampling tests. (See Section 1-A of this report.)

The colleges are commended for their efforts of self-reporting these known instances of noncompliance. It was evident that some colleges performed thorough internal reviews of their enrollment data. By performing these internal reviews, the colleges identified procedure and control changes necessary to promote future compliance.

Recommendation:

We encourage colleges to maintain the following information and support for future self-reported items: student name, student identification number, term, course, section, contact hours, and reason for noncompliance (deletion) or basis for claiming (addition). To encourage voluntary compliance through self-reporting, all colleges will be expected to self-report prior to the beginning of the enrollment audit. Also, we will request that the self-reported information be in a standard format and possibly in an automated medium.

Texas Higher Education Coordinating Board Response:

The Coordinating Board concurs in the recommendation.

Section 1-C

Accuracy of the "Spring Semester Estimates" Has Improved Dramatically

Adjustments noted by the Texas Higher Education Coordinating Board during the certification of the reported contact hours resulted in a recommended reduction of $237,341 for the 1996-1997 biennium community/junior and technical colleges' appropriations. This is commonly referred to as "spring semester estimates." This biennium's adjustment is significantly smaller than the $1.4 million and $3.4 million adjustments made for the 1994-1995 and 1992-1993 bienniums, respectively.

Over 85 percent of the 1996-1997 adjustment comes from Houston Community College ($95,806), Odessa College ($64,345), and North Harris Montgomery College District ($42,546). (Refer to Appendix 4.6 for adjustments to other colleges.)

The adjustment is based on the difference in the estimated contact hours used in the "formula amount" and the certified contact hours. This adjustment is necessary since the recommended "formula amount" of appropriations approved by the Legislature is based on certified enrollment reports for all terms except the spring 1995 semester, which is estimated. The enrollment reports relating to the base period are submitted to the Texas Higher Education Coordinating Board to document the number of contact hours taught at each college. The certification process of the spring contact hours is completed after the Legislature has established appropriation amounts.

The colleges and the Texas Higher Education Coordinating Board are commended for their efforts to submit information for the "formula run" which closely reflects the final certified information. These efforts help ensure that funds appropriated to community/ junior and technical colleges are accurately allocated.

Recommendation:

We recommend the Texas Higher Education Coordinating Board and the colleges continue their effort to increase the accuracy of or eliminate the "spring semester estimate" adjustment.

Texas Higher Education Coordinating Board Response:

In the 1995 legislative session actual Spring 1994 enrollment data was used in the preliminary appropriation bill as an estimator of Spring 1995 data. The schedule for submitting estimates for Spring 1995 enrollment data used in subsequent versions of the bill was changed in an attempt to obtain more accurate data. The effects of these changes will be assessed.

During the funding formula review process consideration was given to moving the base period back one semester to allow the use of certified data instead of estimates, but this option was rejected on the advice of the LBB.

Section 2:

Concerns Noted at TSTC - Amarillo and South Texas Community College

TSTC - Amarillo and South Texas Community College had weaknesses related to enrollment compliance which could result in significant appropriation reductions in the future if not corrected.

Section 2-A:

Questionable Practices Relating to Apprenticeship Training at TSTC - Amarillo Resulted in Noncompliance with Contact Hour Formula Funding Requirements

Texas State Technical College (TSTC) - Amarillo reported more than $362,000 in contact hour formula funding for the 1996-1997 biennium related to courses that they did not develop or instruct. These contracted courses are apprenticeship courses which were operated by another entity under rules of the Federal Bureau of Apprenticeship and Training, rather than through direct supervision by the college. To be eligible for contact hour funding, the college must maintain direct control over the instruction, quality, and record keeping of the courses.

Under contractual agreements, TSTC - Amarillo provided funding to fire, police, and maintenance departments ($137,500 over a biennium) for these departments to instruct their own employees. These departments, in turn, provided the class rosters to TSTC - Amarillo, who then calculated the contact hours and reported them to the Texas Higher Education Coordinating Board for state contact hour formula funding. The total direct program support expenditures for the contracted apprenticeship programs amounted to $199,717, which is 55 percent of the total state funding for these programs.

Traditional apprenticeship programs administered by colleges and allowed for state funding by the Texas Administrative Code are arranged so that the institution provides related organized "off-the-job" instruction that is supplemental to the on-the-job training experience of the apprentice. Therefore, under a typical contractual arrangement, the business would pay the college to perform the apprenticeship training.

TSTC - Amarillo has been involved in apprenticeship training since 1978 and prior to 1992 received line-item funding for these programs. In 1992, apprenticeship training was included under contact hour formula funding. In this transition, TSTC - Amarillo needed to ensure that all the apprenticeship programs met the rules and regulations of contact hour funding.

Additional factors considered which led us to question the appropriateness of TSTC - Amarillo receiving contact hour funding for these courses included the following:

- It is difficult to determine if the courses are "on-the-job training" (which is not eligible for contact hour funding), or "related supplemental instruction" (which is eligible for contact hour funding), since the courses are not under the direct supervision of the college, but rather the training is provided by the employer during the apprentices' regular work hours at their place of employment.

- Adequate attendance records were not always maintained on the courses. TSTC - Amarillo does not maintain attendance records for these courses. Attendance records for the courses are maintained by the fire, police, and maintenance departments and were generally not sufficient to support the hours reported for contact hour funding. To be eligible for contact hour funding for non-semester length courses, students must satisfy attendance requirements, and the college must maintain adequate record of this attendance.

Recommendation:

Due to the following circumstances, the State Auditor's Office will not recommend adjustments to appropriations. Appropriation reductions to TSTC - Amarillo for these contracts would adversely affect Amarillo College's appropriations for the 1996-1997 biennium. (Effective September 1, 1995, TSTC - Amarillo's operations have been assumed by Amarillo College.) Dr. Kenneth Ashworth, Commissioner of the Texas

Higher Education Coordinating Board, issued a letter to the State Auditor's Office which states, in part:

> "I do not believe that Amarillo College should pay a penalty for practices of the TSTC System that might be found questionable. Further, I believe that the Legislature intended to provide Amarillo College with funds to take over the operations of TSTC - Amarillo, and making this adjustment would not be consistent with the Legislature's intentions."

TSTC - Amarillo (Amarillo College): The college should cease claiming these hours for contact hour funding until further guidance is provided by the Texas Higher Education Coordinating Board.

Texas Higher Education Coordinating Board: The Texas Higher Education Coordinating Board should determine whether other colleges are engaged in similar contracting practices. They also need to determine if the Legislature intends to fund contracted courses which are not instructed or controlled by the funded institution and, if so, the appropriate means for establishing funding levels. Finally, the Texas Higher Education Coordinating Board should also develop explicit criteria for these contractual agreements.

TSTC Management Response:

The apprenticeship training program established between TSTC Amarillo and fire/police and maintenance departments represented a model of cooperation worked out over many years of operation when this training was funded under line-item appropriations by the Legislature (1978-1991). When this program was line-item funded, all of the annual appropriations were expended on apprenticeship training. Starting in 1992, these apprenticeship programs were placed under the Coordinating Board formula instead of being line-item funded; however, procedures were not adequately changed to comply with all Coordinating Board rules and regulations. It is clear, however, that the apprenticeship training programs operated under the detailed guidelines of the Texas Commission on Fire Protection and requirements of the Federal Bureau of Apprenticeship Training, which provided assurance of quality.

While attendance rosters for these courses existed and were utilized to enter student attendance data into TSTC's administrative computer system, these rosters were subsequently discarded through procedural error. This situation gave rise to the State Auditor's Office finding of inadequate record keeping.

Regarding the percentage of funding expended directly on the program, the formula funding process is intended to be an allocation process rather than a budgeting process. Since Texas public two-year colleges on an overall basis expended an average of 59 percent of Administration and Instruction funds for direct program support (according to the THECB fiscal 1993 Cost Study), the level of direct expenditures for the TSTC Amarillo apprenticeship program (55 percent) are neither unusual or inappropriate.

Regarding the question about contracting with the fire/police departments for the delivery of instruction, Coordinating Board rules and regulations (section 9.191) provide for such agreements "when conventional methodology or instructional systems are difficult or impossible to obtain." Thus, this type of arrangement is authorized by Coordinating Board rules provided in section 9.192. We agree that not all of the detail rules and regulations were followed in this case, although the general concept of contracting with a Non-Regionally Accredited Organization (NRAO) is within Coordinating Board rules and regulations.

Given the questions raised during the enrollment audit, we agree that Coordinating Board direction is needed to determine the most appropriate mechanism for funding apprenticeship programs, especially those that are unique to fire/police departments.

Amarillo College Management Response:

Amarillo College has recommended expanded guidelines for apprenticeship programs funded through the Texas Higher Education Coordinating Board which will prevent a reoccurrence of the practices at issue. These guidelines ensure that the maintenance of records, supervision of programs, and reporting of contact hours for funding are in compliance with Coordinating Board rules and regulations. Amarillo College will also continue to work with the Federal Bureau of Apprenticeship and Training, Coordinating Board, and the fire/police departments for ensuring quality apprenticeship programs.

We would also comment on the statement that "the training is provided by the employer during the apprentices' regular work hours at their place of employment." Most, if not all community colleges in Texas, offer training on site for business and industry during working hours. The key, we believe, is that such training not simply be certification of the duties that they are performing during those working hours but rather be truly an educational experience separate and apart from normal duties. We do not believe that instruction during work hours is in and of itself a quality concern.

Texas Higher Education Coordinating Board Response:

The Coordinating Board will clarify its rules to explicitly require that instruction of all courses submitted for state funding be supervised and controlled by the institution. We will make inquiries in an effort to verify that other colleges are not engaging in similar contracting practices.

Section 2-B

Tuition Collection and Enrollment Reporting Procedures at South Texas Community College Resulted in Noncompliance with Contact Hour Funding Requirements

Noncompliance with community college procedures for the collection of tuition and the preparation of Texas Higher Education Coordinating Board enrollment reports resulted in South Texas Community College (STCC) not being eligible to claim approximately $1.5 million in state appropriations for the biennium. However, while technically in noncompliance, due to the extenuating circumstances described below, $1.3 million of this $1.5 million will not be recommended for deletion. The remaining $164,000 recommended for deletion represents two percent of STCC's $8.2 million in appropriations for the biennium. The next highest error rate experienced at a college was 1.1 percent. The other 40 colleges audited this year each had less than one percent error when compared to their biennial appropriation.

A high percentage of compliance errors can be attributed to the staff of the new college being unfamiliar with community college rules and regulations. During the base period, TSTC - Harlingen, under a contractual arrangement with STCC, provided administrative services during the transition from the McAllen Extension Center of TSTC - Harlingen to STCC. These contracted services ". . . provides (sic) for continuation of services by TSTC to operate STCC in substantially the same manner as TSTC operated the McAllen Extension Center of TSTC Harlingen as of August 31, 1993, for a period until STCC will have established and developed its own administrative functions to operate the college." To facilitate a smooth transition, the Texas Higher Education Coordinating Board agreed with this temporary arrangement.

Improper Collection of Tuition. Approximately $1.4 million of STCC's 1996-1997 biennial appropriations are in noncompliance with state tuition requirements. By allowing students to pay tuition through installment payments and not collecting tuition by the official reporting date, the related contact hours are technically not eligible to be claimed for state funding. STCC allowed approximately ten percent of their students to pay tuition through installment payments, which is in violation of state law.[1] The college estimates that approximately $225,000 in tuition charged on the installment payment took place during this base period. This amount of tuition equates to an estimated $1.3 million in formula funding appropriations for the 1996-1997 biennium.

While being administered by Texas State Technical College - Harlingen campus, STCC was operating under laws and rules pertaining to senior colleges and universities. These laws and rules allow senior colleges and universities to use installment payments for the collection of tuition. Neither STCC nor TSTC - Harlingen were aware that community colleges could not use the installment payments for tuition collection.

Dr. Kenneth Ashworth, Commissioner of the Texas Higher Education Coordinating Board, recognizing that STCC was in a period of transition, plans to recommend to the

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[1]General Appropriations Act (H.B. 1, 74th Legislature, R. S.) states in Art. III, Public Community/Junior Colleges, rider 2b, "On or before the dates for reporting official enrollments each semester to the Texas Higher Education Coordinating Board, each college will collect in full from each student that is to be counted for state aid purposes the amounts set as tuition by the respective governing boards."

Board that no funding deletions be made for STCC using tuition installments. This decision considered that, while STCC was not in compliance with state law by using tuition installments, "This error has resulted in no loss to the state even if the practices were wrong." As a result, the amount of deletions recommended in this report for STCC do not include the amounts associated with tuition installments ($1.3 million).

In addition to the installment payment error, our sample of 531 records indicated six instances where the college had not collected the proper amount of tuition by the official reporting date. These six errors resulted in $92,445 of overfunding to STCC. This amount is included in the audit adjustment calculation.

Twenty-eight Percent Of All Classes Tested Contained Enrollment Errors. There were 147 classes in our sample of 531 (28 percent) with inaccurate student enrollment. The errors included both overreporting and underreporting. There was a net class size underreporting of 208 students which caused the college to be appropriated $151,360 less than the amount which they were entitled. This amount is included in the audit adjustment calculation.

STCC Self-Reported $222,851 In Funding Reductions. STCC self-reported 607 items, the majority (522) being for not collecting the proper amount of tuition by the official reporting date. Only one other college had more self-reported items. The contact hour funding related to these items amounted to $222,851. This amount is included in the audit adjustment calculation.

Recommendation:

South Texas Community College: We encourage STCC to continue to develop their administrative operations. This development should include a comprehensive system of controls to ensure that employees are well trained to perform their jobs; that applicable laws, rules, and regulations are being complied with; and that accurate data is being maintained and reported.

Texas Higher Education Coordinating Board: The Texas Higher Education Coordinating Board should ensure that a new community/junior college possess the necessary knowledge, skills, and abilities to appropriately conduct their operations in compliance with all applicable state laws, rules, and regulations.

STCC Management Response:

STCC recognizes we are not eligible for $1.3 million in contact hour formula funding due to the use of tuition installment payment as a form of tuition collection. But, during the transitional period, STCC operated as a state institution and continued to follow state policies and procedures which allowed installment payments. STCC was advised by the State Comptroller's Office, the Coordinating Board, and TSTC to

continue operating as a state institution and to follow state procedures. Immediately after the audit, installment payments were halted and procedures were put in place to ensure appropriate collection of tuition.

STCC recognized that reporting errors were likely during this transition. The College's data was stored on the same data base with TSTC Harlingen on a mainframe in Waco, and computer problems resulted in some data not being entered before the reporting dates. STCC undertook an extensive review of its data and self-reported the majority of the items that resulted in the funding deletion. The Enrollment Audit Report found more instances of STCC under-reporting data than over-reporting. Procedures are now in place to ensure accurate reporting.

As of September 1, 1995, south Texas Community College has its own MIS and is fully responsible for all administrative functions.

Texas Higher Education Coordinating Board Response:

The primary responsibility for oversight of a community or junior college rest with the institutions' board of trustees. The Coordinating Board can play a helpful but peripheral role in ensuring that institutions appropriately conduct their operations. Coordinating Board staff did work extensively with administrators when the new institution was established, but will provide a higher level of support to new institutions if requested in the future.

Two observations are relevant: (1) The institution experienced dramatic enrollment increases at the same time as it was recruiting its administrative staff and implementing its administrative procedures. While a less-aggressive growth pattern would have undoubtedly resulted in better data, it would have delayed much-needed access to the institution's programs. (2) Most of the procedural errors noted were the result of applying the TSTC procedures, which many of the carry-over support personnel were familiar with, to a community college where they were not allowed. On balance, the institution was fortunate to have these support personnel, even if these relatively benign errors were consequence.

Section 3

Clarification of Admissions Requirements Would Improve Accountability

Community/junior colleges are not consistently ensuring that students meet the minimum admission eligibility requirements before being claimed for contact hour funding. During our review, there were indications that many colleges did not always verify admission requirements due to an "open enrollment policy." Section 9.92 of the Texas Administrative Code, Title 19 requires that only those students which meet the admission requirements (§ 9.63) can be counted in determining contact hour appropriations. These admission requirements include that the student has graduated from an accredited high school, completed the general educational development testing (GED), or admitted under "individual approval" when the admitting officer is convinced that the applicant's record indicates ability to carry the college work assigned.

The admission requirements at community colleges have not been enforced. The colleges normally request the information and most administer assessment testing of students. However, often due to having transient students and students who decide on the day of registration to attend college, admission eligibility information is sometimes not documented. The colleges say they need the flexibility of an "open enrollment policy" to meet the community's needs, although they may not be in strict compliance with established admission standards.

Without clear understanding of what documentation or procedures are required by the Texas Higher Education Coordinating Board rules and regulations and the enforcement thereafter, it is difficult to hold the colleges accountable.

Recommendation:

The Texas Higher Education Coordinating Board should clarify what is expected of community/junior colleges for verifying and documenting admission eligibility. After clarifying required procedures, the requirement needs to be enforced prior to students being claimed for contact hour funding.

Texas Higher Education Coordinating Board Response:

The Coordinating Board agrees that even though institutions may have an open admissions policy, students' academic histories must be evaluated so that proper counseling and placement can occur. We will reexamine current Coordinating Board rules and make any revisions necessary to ensure that admission requirements are adequate and clear and that the rules call for adequate documentation of the conditions under which students are admitted.

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of the biennial enrollment audit is to determine compliance with Texas Higher Education Coordinating Board rules and regulations, the general provisions of the General Appropriations Act, and provisions of the Texas Education Code. Compliance is determined by examining the accuracy of enrollment data submitted by the colleges, helping to ensure that the public community and technical colleges receive only those appropriations for which they are entitled. Any excess is returned to the State's General Revenue Fund.

Scope

The State Auditor's Office is required to perform the biennial community college enrollment audit by the General Appropriations Act. For the 1995 enrollment audit, the General Appropriations Act (H.B. 1, 74th Legislature, R.S.) contains these specific requirements:

- Article III-191, Rider 4, Audit of Compliance
- Article III-191, Rider 6, Falsification of Records
- Article III-192, Rider 8, Adjustment of Contact Hours
- Article III-114, Rider 3, Audit of Base Period Contact Hours at the Lamar Centers
- Article III-207, Rider 11, Audit of Base Contact Hours (Texas State Technical College)

For the 1996-1997 biennium, the contact hour base period for academic contact hours and semester length vocational technical contact hours includes the following school terms: Summer 1994, Fall 1994, and Spring 1995. For clock hour/block time vocational technical contact hours, the base period is the quarterly school terms, March - May 1994; June - August 1994; September - November 1994; and December 1994 - February 1995.

A risk analysis was performed on the 50 public community/junior college districts, the four Texas State Technical Colleges, and the three Lamar University components. It was determined that by performing site audits at the 42 colleges which had the highest risk, over 85 percent of the contact hour funding appropriations would receive audit coverage.

Methodology

The enrollment audit methodology included:

- using an attribute sampling methodology to test the accuracy of the hours used in the contact hour base period for establishing appropriation levels
- reviewing self-reported correction of the college and calculating the appropriate adjustment amount
- calculating an adjustment amount for spring semester estimates
- reviewing admission policy and procedures used by the colleges

Please refer to Appendix 3 for information on attribute methodology and testing.

Self-Reported Corrections - The objective is to encourage colleges to make corrections to certified enrollment data prior to audit testing and adjust funding accordingly. Since our audit sample is drawn from certified data and there is no means for the colleges to make corrections to enrollment data after the Texas Higher Education Coordinating Board certifies the data, the self-reporting process is the way to compensate for known errors in the certified data. All self-reported items will be deleted or added based on the effective funding rate for the specific item. If a self-reported item is also one of the sample items, the sample item is replaced.

Spring Semester Estimates - The objective is to adjust funding for the over/under-estimating of the Spring term contact hours. Appropriations are calculated using the number of contact hours taught during the base period. When "formula" contact hour appropriations are established by the Legislature, actual certified contact hours were used for all terms in the base period, except estimated contact hours were used for the Spring 1995 term. Once the Texas Higher Education Coordinating Board certifies the Spring contact hours, an adjustment is necessary for the difference between the "formula" amount and the "certified" amount.

Admission Policies - The objective is to review the colleges' admission policy and subsequent claiming for contact hour funding for compliance with Texas Administrative Code, Title 19, § 9.92, Eligibility of Students, and § 9.63, Admission.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards.

The audit work was performed by the following members of the State Auditor's staff:

- Duane J. McNaney, CPA (Project Manager)
- Dick Dinan, CPA
- Mark A. Garcia
- 27 Other Staff Members
- Barnie Gilmore, CPA (Audit Manager)
- Craig D. Kinton, CPA (Director)

Appendix 2

Background Information

State financing of higher education programs for public community/junior and technical colleges is provided from the State's General Revenue fund. The 1996-1997 biennium appropriations to community/junior and technical colleges for contact hour funding is in excess of $1.2 billion. These appropriations are allocated to the colleges by the Texas Higher Education Coordinating Board and the Comptroller of Public Accounts (Comptroller). Texas will provide funding to 50 community/junior college districts, three campuses of the Texas State Technical College (the Amarillo campus was merged with Amarillo College effective September 1, 1995), and three Lamar University components (two-year colleges) during the 1996-1997 biennium.

Enrollment reports were submitted by each community/junior and technical college to the Texas Higher Education Coordinating Board. The information in these reports was used to document the number of contact hours taught by each institution in the base period. The base period for semester length terms was Summer 1994, Fall 1994, and Spring 1995, and the base period for quarterly terms began with March 1994 and ended with February 1995.

The formula for state funding involves multiplying base period contact hours which are submitted by each college in their request for state appropriations by the applicable funding rates per contact hour. Contact hour rates per program are set by the Texas Higher Education Coordinating Board based on a cost study of community college program expenditures. Funding rates per contact hour for the 1996-1997 biennium vary between program areas and range from $2.89 to $12.28. The Legislative Budget Board determines the appropriation for each college as a fraction (total appropriation/ total requested) of their requested formula amount. For fiscal years 1996 and 1997, the funding provided by the Legislature amounted to 81.8789 and 79.1866, respectively, percent of the funding requested for these years.

To be eligible for state funding, statute requires each community and technical college to comply with the rules and regulations of the Texas Higher Education Coordinating Board, provisions of H.B. 1 (General Appropriations Act), and the Texas Education Code. The General Appropriations Act (H.B. 1, 74th Legislature, R.S.), III-191, Rider 6, Audit of Compliance; III-192, Rider 8, Adjustment of Contact Hours; III-114, Rider 3, Audit of Base Period Contact Hours at the Lamar Centers; and III-207, Rider 11, Audit of Base Contact Hours; requires the State Auditor to audit the accuracy of the base period contact hours for each college.

General Appropriations Acts dating back to the 1960s have included riders directing the State Auditor to audit the accuracy of the contact hours used to generate the appropriations request. In the late 1980s, legislation directed the State Auditor to also audit the contact hours submitted for funding by the Lamar University vocational/technical education programs and Texas State Technical College. The State Auditor works with the Texas Higher Education Coordinating Board and the Legislative Budget Board to develop the audit scope and identify relevant issues that may warrant audit procedures.

College Locations for the 1995 Enrollment Audit

Lamar University Campuses

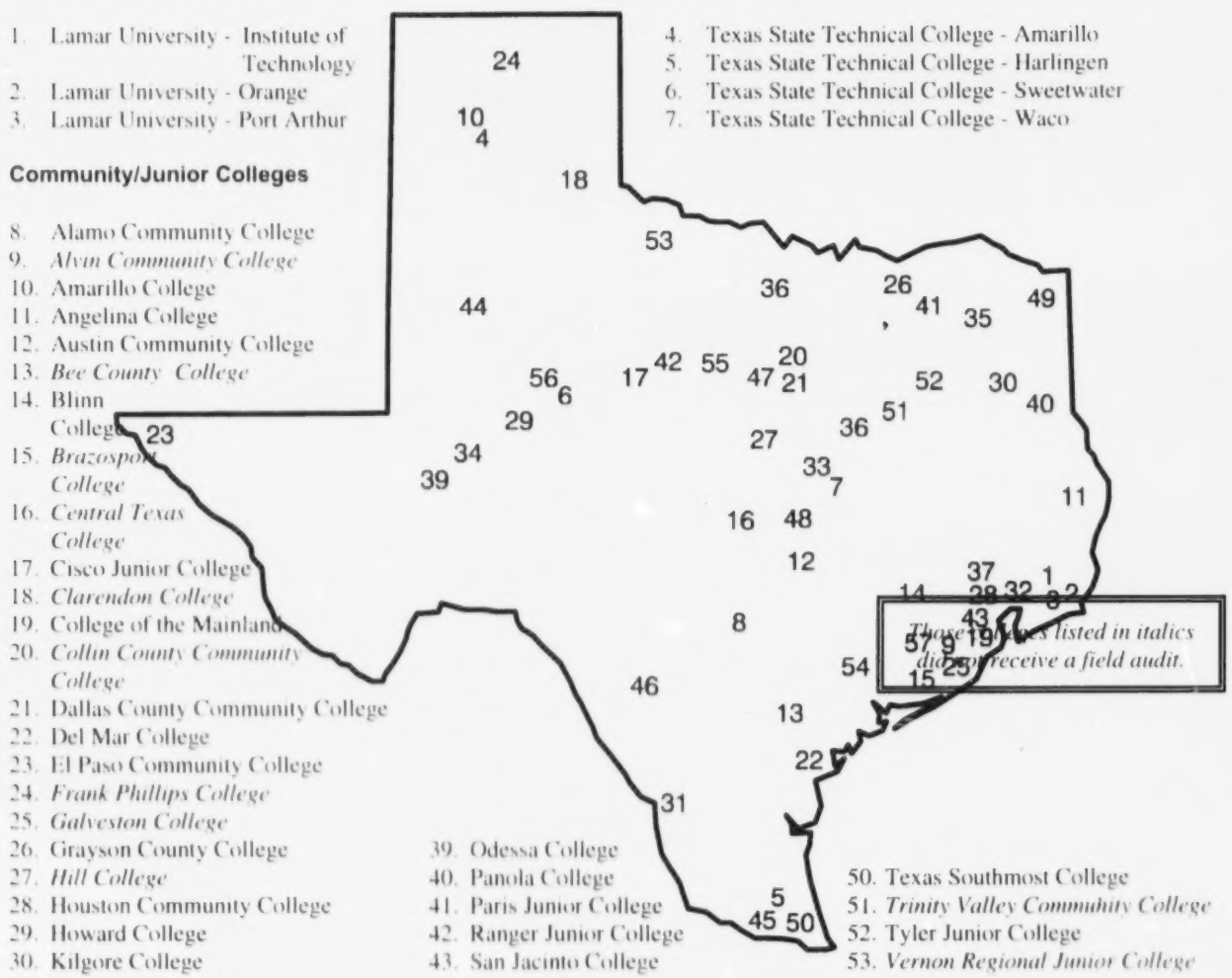
1. Lamar University - Institute of Technology
2. Lamar University - Orange
3. Lamar University - Port Arthur

Technical Colleges

4. Texas State Technical College - Amarillo
5. Texas State Technical College - Harlingen
6. Texas State Technical College - Sweetwater
7. Texas State Technical College - Waco

Community/Junior Colleges

8. Alamo Community College
9. *Alvin Community College*
10. Amarillo College
11. Angelina College
12. Austin Community College
13. *Bee County College*
14. Blinn College
15. *Brazosport College*
16. *Central Texas College*
17. Cisco Junior College
18. *Clarendon College*
19. College of the Mainland
20. *Collin County Community College*
21. Dallas County Community College
22. Del Mar College
23. El Paso Community College
24. *Frank Phillips College*
25. *Galveston College*
26. Grayson County College
27. *Hill College*
28. Houston Community College
29. Howard College
30. Kilgore College
31. Laredo Junior College
32. Lee College
33. McLennan Community College
34. *Midland College*
35. *Navarro College*
36. North Central Texas College
37. North Harris County College
38. Northeast Texas Community College
39. Odessa College
40. Panola College
41. Paris Junior College
42. Ranger Junior College
43. San Jacinto College
44. South Plains College
45. South Texas Community College
46. Southwest Texas Junior College
47. Tarrant County Junior College
48. Temple Junior College
49. *Texarkana College*
50. Texas Southmost College
51. *Trinity Valley Community College*
52. Tyler Junior College
53. *Vernon Regional Junior College*
54. Victoria College
55. Weatherford College
56. Western Texas College
57. *Wharton County Junior College*



Those colleges listed in italics did not receive a field audit.

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Appendix 3

Sampling and Testing Methodology

The State Auditor's Office does not have the resources, nor would it be cost effective, to perform a 100 percent audit of all enrollment data. For this reason, the State Auditor uses statistical sampling in order to establish the accuracy of the total population of contact hours submitted by a college for funding. Statistical sampling procedures provide unbiased estimates of amounts that are improperly claimed for reimbursement to within specified limits, with high and quantifiable probability.

There were two significant changes to testing from the 1993 Enrollment Audit. One was the inclusion of the Texas Academic Skills Program requirements as one of the attributes tested. The other was encouraging colleges to self-report corrections to the certified data prior to audit testing. If a self-reported item was also one of the sample items, the sample item was replaced.

Detailed Explanation of the Sampling Methodology

A. Dollar Unit Sampling

The scientific foundation for the projection of sample results to the total population of enrollment dollars is a statistical sampling methodology known as "dollar unit sampling" (DUS), or as "probability proportional to size" (PPS). The essence of dollar unit sampling is to select a random sample of dollars (dollar units) from the population of all enrollment dollars received by each college as the basis of its state appropriations. The records of students and classes associated with the sampled dollars are then audited for compliance with state funding requirements. This procedure gives an equal chance of selection to every dollar in the population. Thus, students who register for more credit hours will have a higher probability of being in the sample than students who register for fewer hours. In addition, it is possible for more than one sampled dollar to be associated with the same student.

In order to identify the total population of dollars to be tested, the State Auditor's Office multiplies the contact hours submitted by each college by the associated funding rates established by the Texas Higher Education Coordinating Board.

The sample is then randomly selected from this population of dollars. The sampling unit is an individual dollar. Each sample dollar is associated with a specific course and student (taken from the CBM-004 Class Report or the CBM-00C Quarterly Class Report) whose records are audited for compliance with state requirements to determine their qualification for funding.

B. Selecting the Sample

The following parameters were used to determine the sample size:

- a 90 percent confidence level that the sample error reflects the true error of the population
- a two percent expected maximum error rate of the population
- a one percent tolerable margin of error

Given these parameters, the sample size is calculated in two stages. The preliminary sample size is 114 individual dollars. If no errors are found in this sample, the population is said to have met the criteria, and no additional testing is performed. If one or more errors are found, the sample size is expanded by 417 to 531 individual dollars. The increased sample size is required in order to project the results into the total population. Whether or not additional errors are found in the expanded sample, all errors found are projected into the total population. Each sampling unit is randomly selected from the total population of dollars presented for contact hour funding.

C. Performing the Audit

Once the sample is selected, the audit teams audit the records for each student associated with a sampled dollar. The sample identifies which class and student in the class (per the CBM-004 Class Report or the CBM-00C Quarterly Class Report) is to be audited. For example, if the sample item is the 15th of 20 students enrolled, the auditor refers to the class roster to find the name of the student (i.e., the name of the 15th student).

The auditors test for compliance with applicable rules and regulations for the following attributes:

- Texas Academic Skills Program: The student records must contain documentation that the student meets all TASP requirements set forth by the Texas Higher Education Coordinating Board.
- Residency: The student records must contain appropriate responses to a series of questions to support the residence classification as determined by the residency determination officer.
- Tuition Exemption/Waiver: If applicable, the student records contain documentation to support any exemption or waiver.
- Proper Tuition Paid by the Official Reporting Date (ORD): Students are required to pay, in full, the amount of tuition established by the local governing board on or before the ORD.
- Adds/Drops/Refunds: If applicable, the dates and amounts of these are audited to ensure that a student qualifies for state funding.
- Attendance: In other than semester length courses (CBM-00C courses), students are required to be in attendance on the ORD, or at least one class meeting prior to the ORD and one of the next three class meetings following the ORD.

Any instances of noncompliance with State or Texas Higher Education Coordinating Board rules and regulations are considered errors in the sample.

The degree to which a sample item is in error is not a factor in the enrollment testing.

D. Calculating Sample Results

The error rate is projected to a college's total population of dollars (biennial appropriation for contact hour funding).

The total number of errors in the college's sample is then divided by the sample size of 531 to determine the sample error rate. (Remember, if any errors are found in the initial sample of 114, the sample is expanded to 531.) The error rate is then projected to the appropriations for contact hour funding. This projection is done by multiplying the appropriations for contact hour funding by the sample error rate to produce the amount of dollars to be recommended for deletion.

The sample error rate is our best estimate of the true error rate of the population. It is possible that the sample error rate will differ somewhat from the true error rate. The sample error rate is about as likely to be below the true error rate as to be above. But the precision interval (margin of error) governs how far the sample error rate may differ from the true error rate. As stated in Section B, Selecting the Sample, the precision interval is no more that +/- 1 percent, based on a true error rate not expected to exceed two percent. This means that the State Auditor's Office is 90 percent confident that the sample error rate will lie within one percent of the true error rate, either above or below. Or to put it another way, the risks of overreporting and underreporting are evenly divided between the State and the college, but the precision interval limits the likely amount of over- or underreporting. (See the chart on page 28.)

E. Example of Projecting Sampling Error to the Population

Assume that a college with $20 million in contact hour funding appropriations for the 1996-1997 biennium had one error in the first 114 individual dollars sampled and two more in the remaining 417, for a total of three errors out of a sample size of 531 individual dollars. The recommended deletion is calculated as follows:

STEP 1:
$\frac{\text{3 (total \# of errors)}}{\text{531 (sample size)}} = .005649717$ sample error rate
STEP 2:

	$20,000,000	total biennial appropriation based on contact hour funding
x	.005649717	sample error rate
	$112,994.34	recommended appropriation reduction resulting from testing

This $112,994.34 is the best estimate of the true error in the total population of $20 million based on our sample.

By applying the precision interval of +/- one percent, the possible range of the true error could be as low as $5,980 and as high as $220,000. This range is calculated by using the formula on page 28.

F. Class Size Test

In addition to the first six attributes listed on page 25, each class is tested for accuracy of enrollment reporting, or class size. Enrollment to be reported is defined as including only those student contact hours qualified to be claimed for contact hour funding. The objective of testing this attribute is to determine whether a college is overreporting or underreporting enrollment to the Texas Higher Education Coordinating Board. Underreporting is netted against any overreporting to arrive at the true number of errors. The auditors obtain the class roster for each of the sampled students. The number of students on the roster is then compared to the number of students reported for that class on the CBM-004 Class Report or the CBM-00C Quarterly Class Report. This will determine if the number of students reported to the Texas Higher Education Coordinating Board for that class is accurate. The results of the class size test cannot be projected to the population in the same manner as the other attributes since it includes the testing of non-sampled students.

As a result, a separate extrapolation is used based on the total number of students tested in the class size attribute. Recommended appropriation adjustments for the class size attribute are calculated as follows:

STEP 1:

total # of classes examined
x total # of students per class examined
total # of students tested in class size attribute

STEP 2:

total underreported enrollment
total overreported enrollment
net enrollment errors

STEP 3:

net enrollment errors
total # of students tested in attribute = error rate for class size attribute

STEP 4:	
	error rate
x	total biennial appropriation based on contact hour funding
	recommended appropriation reduction resulting from testing of class size

Example:

Given that:

The total # of classes examined	=	531
The total # of students per class	=	30
Net enrollment errors - overstated	=	5
Contact Hour Funding Appropriations	=	$20,000,000

What would the recommended adjustment to appropriations be?

Solution:

STEP 1:		
	531	# of classes examined
	x 30	# of students per class
	15,930	total # of students tested

STEP 2:		
	5 errors	
	15,930	total # of students tested = .000313873 error rate for class size attribute

STEP 3:		
	.000313873	error rate
x	$20,000,000	contact hour appropriations
	$ 6,277.46	recommended appropriation reduction resulting from testing of class size

Appendix 4 1

Summary of Proposed Adjustments

College	Class Size Exceptions Total 1996	Class Size Exceptions Total 1997	Attribute Sampling Exceptions Total 1996	Attribute Sampling Exceptions Total 1997	Self Reported Exceptions Total 1996	Self Reported Exceptions Total 1997	Spring Estimate Adjustment Total 1996	Spring Estimate Adjustment Total 1997	Cumulative Total 1996	Cumulative Total 1997
Alamo Community College District	($18,370)	($18,370)	$0	$0	($8,064)	($8,059)	$1,938	$1,937	($24,495)	($24,491)
Alvin College*	$0	$0	$0	$0	($521)	($520)	$0	$0	($521)	($520)
Amarillo College	($729)	($729)	($20,711)	($20,711)	($1,505)	($1,504)	$0	$0	($22,945)	($22,944)
Angelina College	($6,619)	($6,619)	($11,677)	($11,677)	($28,228)	($28,222)	($3,204)	($3,205)	($49,728)	($49,722)
Austin Community College	($7,775)	($7,775)	$0	$0	$0	$0	($9,877)	($9,876)	($17,651)	($17,651)
Bee County Junior College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Blinn College	$820	$820	$0	$0	($17,351)	($17,349)	($2,572)	($2,569)	($19,103)	($19,099)
Brazosport College*	$0	$0	$0	$0	($2,245)	($2,244)	$0	$0	($2,245)	($2,244)
Central Texas College*	$0	$0	$0	$0	($41,273)	($42,176)	$0	$0	($41,273)	($42,176)
Cisco Junior College	$0	$0	$0	$0	($5,991)	($5,993)	$8,646	$8,651	$2,655	$2,658
Clarendon College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
College of the Mainland	$0	$0	($22,644)	($22,644)	($128)	($128)	($287)	($287)	($23,059)	($23,059)
Collin County Community College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dallas County Community College	($10,134)	($10,134)	($235,959)	($235,959)	($3,127)	($3,128)	($1,462)	($1,461)	($250,681)	($250,681)
Del Mar College	$0	$0	$0	$0	($12,306)	($12,304)	($1,122)	($1,122)	($13,428)	($13,426)
El Paso Community College	$0	$0	$0	$0	($16,162)	($16,168)	$0	$0	($16,162)	($16,168)
Frank Phillips College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Galveston College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grayson County College	$0	$0	$0	$0	($7,752)	($7,750)	$5,040	$5,038	($2,712)	($2,711)
Hill College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Houston Community College	$41,652	$41,652	$0	$0	($113,793)	($113,745)	($47,901)	($47,904)	($120,042)	($119,998)
Howard County Jr College Dist	$0	$0	$0	$0	($16,791)	($16,782)	$0	$0	($16,791)	($16,782)
Kilgore College	$0	$0	$0	$0	($62,472)	($62,464)	$0	$0	($62,472)	($62,464)
Lamar Institute of Technology	$5,518	$5,588	$0	$0	($2,728)	($2,728)	($267)	($267)	$2,523	$2,593
Lamar University - Orange	$395	$403	$0	$0	($9,644)	($9,740)	$0	$0	($9,249)	($9,337)
Lamar University - Port Arthur	$0	$0	$0	$0	$0	$0	($721)	($721)	($721)	($721)
Laredo Community College	($902)	($902)	$0	$0	($10,986)	($10,983)	($2,205)	($2,206)	($14,093)	($14,092)
Lee College	$0	$0	$0	$0	($10,485)	($10,483)	($220)	($220)	($10,705)	($10,702)
McLennan Community College	$0	$0	($18,195)	($18,195)	($58,395)	($58,473)	$0	$0	($76,590)	($76,668)
Midland College*	$0	$0	$0	$0	$0	$0	($167)	($166)	($167)	($166)
Navarro College*	$0	$0	$0	$0	($5,132)	($5,134)	$0	$0	($5,132)	($5,134)
North Central Texas College	$0	$0	$0	$0	($2,740)	($2,737)	$0	$0	($2,740)	($2,737)
North Harris Community College	$29,313	$29,313	$0	$0	$3,999	$4,000	($21,276)	($21,270)	$12,036	$12,044
Northeast TX Community College	$619	$619	$0	$0	($38,228)	($38,184)	$0	$0	($37,609)	($37,564)
Odessa College	$14,032	$14,032	$0	$0	($1,516)	($1,517)	($32,174)	($32,172)	($19,658)	($19,657)
Panola Junior College	$0	$0	$0	$0	($2,617)	($2,616)	$0	$0	($2,617)	($2,616)
Paris Junior College	$0	$0	$0	$0	($5,492)	($5,490)	$0	$0	($5,492)	($5,490)
Ranger College **	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
San Jacinto College	$0	$0	$0	$0	($9,844)	($9,844)	$0	$0	($9,844)	($9,844)
South Plains College	$1,785	$1,785	($18,433)	($18,433)	($2,053)	($2,051)	$0	$0	($18,701)	($18,699)
South Texas Community College***	$75,680	$75,680	($46,223)	($46,223)	($111,428)	($111,424)	$0	$0	($81,971)	($81,967)
Southwest Texas Junior College	($364)	($364)	($8,895)	($8,895)	($7,595)	($7,592)	$0	$0	($16,854)	($16,851)
TSTC - Amarillo Campus****	$0	$0	$0	$0	($7,094)	($7,092)	$0	$0	($7,094)	($7,092)
TSTC - Harlingen Campus	$8,132	$8,132	$0	$0	($24,499)	($24,509)	$0	$0	($16,368)	($16,377)
TSTC - Sweetwater Campus	($4,793)	($4,805)	$0	$0	($37,244)	($37,217)	$0	$0	($42,037)	($42,022)
TSTC - Waco	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tarrant County Junior College	$0	$0	$0	$0	($12,454)	($12,451)	($278)	($277)	($12,732)	($12,729)
Temple Junior College	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Texarkana College*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Texas Southmost College	$0	$0	$0	$0	$0	$0	($10,566)	($10,571)	($10,566)	($10,571)
Trinity Valley Community College*	$0	$0	$0	$0	($187)	($187)	$0	$0	($187)	($187)

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College	Class Size Exceptions Total 1996	Class Size Exceptions Total 1997	Attribute Sampling Exceptions Total 1996	Attribute Sampling Exceptions Total 1997	Self Reported Exceptions Total 1996	Self Reported Exceptions Total 1997	Spring Estimate Adjustment Total 1996	Spring Estimate Adjustment Total 1997	Cumulative Total 1996	Cumulative Total 1997
Tyler Junior College	$5,499	$5,499	$0	$0	($45,722)	($45,727)	$0	$0	($40,223)	($40,228)
Vernon Regional College*	$0	$0	$0	$0	($494)	($494)	$0	$0	($494)	($494)
Victoria College	$0	$0	$0	$0	($1,488)	($1,488)	$0	$0	($1,488)	($1,488)
Weatherford Junior College	$0	$0	$0	$0	($14,969)	($14,935)	$0	$0	($14,969)	($14,935)
Western Texas College	$0	$0	$0	$0	($288)	($288)	$0	$0	($288)	($288)
Wharton County Junior College*	$0	$0	$0	$0	($502)	($501)	$0	$0	($502)	($501)
Totals	$133,760	$133,826	($382,736)	($382,736)	($757,533)	($758,423)	($118,673)	($118,668)	($1,125,182)	($1,126,000)
							Biennial Total		($2,251,182)	

* College did not receive a field audit

** General Appropriations Act (H.B. 1, Article III-192, Rider 8, 74th Legislature, R.S.) states that no college shall have their appropriations adjusted below $2 million. Ranger College only receives only the base amount of appropriations. Due to this rider, testing was not expanded nor results projected.

*** Amounts related to collection of tuition by installment payments not included.

**** Amounts questioned from contracts with fire/police departments not included.

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Appendix 4.2

Summary of Proposed Adjustments as a Percentage of Appropriations

College	Total Audit Adjustments	Total Biennial Appropriations From Formula Funding	Audit Adjustments As a Percentage Of Appropriations
Alamo Community College District	($48,987)	$87,645,342	-0.0559%
Alvin College*	($1,041)	$14,937,768	-0.0070%
Amarillo College	($45,889)	$21,994,860	-0.2086%
Angelina College	($99,450)	$12,400,444	-0.8020%
Austin Community College	($35,303)	$59,590,120	-0.0592%
Bee County Junior College*	$0	$11,362,254	0.0000%
Blinn College	($38,202)	$24,180,644	-0.1580%
Brazosport College*	($4,489)	$8,253,488	-0.0544%
Central Texas College*	($83,449)	$27,886,902	-0.2992%
Cisco Junior College	$5,313	$7,407,258	0.0717%
Clarendon College*	$0	$4,000,000	0.0000%
College of the Mainland	($46,117)	$12,023,892	-0.3835%
Collin County Community College*	$0	$25,448,254	0.0000%
Dallas County Community College	($501,362)	$125,294,002	-0.4001%
Del Mar College	($26,855)	$32,975,968	-0.0814%
El Paso Community College	($32,330)	$55,925,368	-0.0578%
Frank Phillips College*	$0	$4,000,000	0.0000%
Galveston College*	$0	$7,313,816	0.0000%
Grayson County College	($5,424)	$10,533,016	-0.0515%
Hill College*	$0	$8,036,794	0.0000%
Houston Community College	($240,039)	$107,233,744	-0.2238%
Howard County Jr College Dist	($33,572)	$10,344,010	-0.3246%
Kilgore College	($124,936)	$17,557,376	-0.7116%
Lamar Institute of Technology	$5,116	$7,587,662	0.0674%
Lamar University - Orange	($18,586)	$5,156,010	-0.3605%
Lamar University - Port Arthur	($1,441)	$9,212,368	-0.0156%
Laredo Community College	($28,185)	$20,962,194	-0.1345%
Lee College	($21,407)	$18,619,288	-0.1150%
McLennan Community College	($153,258)	$19,323,208	-0.7931%
Midland College*	($333)	$10,802,896	-0.0031%
Navarro College*	($10,265)	$11,457,788	-0.0896%
North Central Texas College	($5,477)	$9,893,708	-0.0554%
North Harris Community College	$24,080	$47,508,136	0.0507%
Northeast TX Community College	($75,173)	$6,843,406	-1.0985%
Odessa College	($39,315)	$14,146,444	-0.2779%
Panola Junior College	($5,234)	$5,735,332	-0.0913%
Paris Junior College	($10,982)	$10,207,918	-0.1076%
Ranger College **	$0	$4,000,000	0.0000%
San Jacinto College	($19,688)	$50,265,910	-0.0392%
South Plains College	($37,399)	$19,575,652	-0.1911%
South Texas Community College***	($163,938)	$8,181,398	-2.0038%

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College	Total Audit Adjustments	Total Biennial Appropriations From Formula Funding	Audit Adjustments As a Percentage Of Appropriations
Southwest Texas Junior College	($33,705)	$9,446,900	-0.3568%
TSTC - Amarillo Campus****	($14,186)	$3,681,454	-0.3853%
TSTC - Harlingen Campus	($32,744)	$18,476,904	-0.1772%
TSTC - Sweetwater Campus	($84,058)	$10,310,644	-0.8153%
TSTC - Waco	$0	$29,970,668	0.0000%
Tarrant County Junior College	($25,461)	$61,582,616	-0.0413%
Temple Junior College	$0	$7,589,452	0.0000%
Texarkana College*	$0	$14,041,054	0.0000%
Texas Southmost College	($21,137)	$18,808,482	-0.1124%
Trinity Valley Community College*	($374)	$17,490,872	-0.0021%
Tyler Junior College	($80,451)	$23,974,516	-0.3356%
Vernon Regional College*	($987)	$6,264,904	-0.0158%
Victoria College	($2,976)	$11,021,758	-0.0270%
Weatherford Junior College	($29,904)	$7,596,910	-0.3936%
Western Texas College	($576)	$5,175,030	-0.0111%
Wharton County Junior College*	($1,003)	$11,733,832	-0.0085%
Totals	($2,251,182)	$1,232,990,634	-0.1826%

* College did not receive a field audit.

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**** Amounts questioned from contracts with fire/police departments not included.

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Appendix 4.3

Class Size Proposed Adjustments

Class Size Errors Analysis					
College	Students Over/(Under) Reported	Total Students Sample Tested	Error Rate	Total '96 Class Size Extrapolation	Total '97 Class Size Extrapolation
Alamo Community College District	5	11,928	0.0419%	($18,370)	($18,370)
Amarillo College	1	15,083	0.0066%	($729)	($729)
Angelina College	13	12,178	0.1067%	($6,619)	($6,619)
Austin Community College	3	11,497	0.0261%	($7,775)	($7,775)
Blinn College	(1)	14,749	-0.0068%	$820	$820
Dallas Community College District	2	12,364	0.0162%	($10,134)	($10,134)
Houston Community College	(8)	10,298	-0.0777%	$41,652	$41,652
Lamar Institute of Tech (Beaumont)	(11)	7,515	-0.1464%	$5,518	$5,588
Lamar University at Orange	(2)	14,359	-0.0139%	$395	$403
Laredo Community College	1	11,614	0.00861%	($902)	($902)
North Harris College District	(14)	11,345	-0.12340%	$29,313	$29,313
Northeast Texas Comm College	(2)	11,052	-0.0181%	$619	$619
Odessa College	(21)	10,586	-0.1984%	$14,032	$14,032
South Plains College	(2)	10,965	-0.0182%	$1,785	$1,785
South TX Community College	(208)	11,243	-1.8500%	$75,680	$75,680
Southwest TX Junior College	1	12,987	0.0077%	($364)	($364)
TSTC - Harlingen	(11)	12,497	-0.0880%	$8,132	$8,132
TSTC - Sweetwater	9	9,669	0.0931%	($4,793)	($4,805)
Tyler Junior College	(6)	13,080	-0.0459%	$5,499	$5,499
Totals				$133,760	$133,826
		Biennial Total		$267,585	

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Appendix 4-4

Attribute Sampling Proposed Adjustments

Attribute Sampling Analysis					
Type of Exception	College	Total Exceptions	Sample Error Rate	Total '96 Attribute Sampling Extrapolation	Total '97 Attribute Sampling Extrapolation
TASP					
	Amarillo College	1	0.1883%	($20,711)	($20,711)
	College of the Mainland	2	0.3766%	($22,644)	($22,644)
	Dallas Community College	2	0.3766%	($235,959)	($235,959)
	McClennan Community College	1	0.1883%	($18,195)	($18,195)
	Totals	6		($297,508)	($297,508)
Tuition Collection					
	Ranger Junior College**	1	0.8772%	$0	$0
	South Plains College	1	0.1883%	($18,433)	($18,433)
	South Texas College	6	1.1299%	($46,223)	($46,223)
	Southwest Texas Junior College	1	0.1883%	($8,895)	($8,895)
	Totals	9		($73,551)	($73,551)
Adds/Drops and Refunds					
	Angelina College	1	0.1883%	($11,677)	($11,677)
	Totals	1		($11,677)	($11,677)
			Totals	($382,736)	($382,736)
			Biennial Total	($765,471)	

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Error rate is based on 1 error found in 114 items tested. Testing not expanded to 531 sample items.

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Appendix 4 5

Self-Reported Adjustments

College	Attribute								1996 Self-Reported Dollars	1997 Self-Reported Dollars
	CS	1	2	3	4	5	6	Tot		
Alamo Community College District					22	68		90	($8,064)	($8,059)
Alvin College*	1				1	1		3	($521)	($520)
Amarillo College						2	8	10	($1,505)	($1,504)
Angelina College		14			117			131	($28,228)	($28,222)
Blinn Junior College					124			124	($17,351)	($17,349)
Brazosport College*		13						13	($2,245)	($2,244)
Central Texas College*					178			178	($41,273)	($42,176)
Cisco Junior College			2		7	5	2	16	($5,991)	($5,993)
College of the Mainland							3	3	($128)	($128)
Dallas Community College					22			22	($3,127)	($3,128)
Del Mar College	9	38	7	1				55	($12,306)	($12,304)
El Paso Community College	74	84			14	102		274	($16,162)	($16,168)
Grayson College		5			8			13	($7,752)	($7,750)
Houston Community College		78	9	12	537	26	1	663	($113,793)	($113,745)
Howard County Junior College	10	47			98		3	158	($16,791)	($16,782)
Kilgore College		22		11	242	65		340	($62,472)	($62,464)
Lamar University - Beaumont	1		4		3			8	($2,728)	($2,728)
Lamar University - Orange	2	21		27	1	1		52	($9,644)	($9,740)
Laredo Junior College	76	4			2			82	($10,986)	($10,983)
Lee College		32			17			49	($10,485)	($10,483)
McLennan Community College	15	249	75		33		27	399	($58,395)	($58,473)
Navarro College*		15						15	($5,132)	($5,134)
North Central Texas College	19				13	9		41	($2,740)	($2,737)
North Harris County College					21			21	$3,999	$4,000
Northeast Texas Community	14	35	13	1	145			208	($38,228)	($38,184)
Odessa College						11		11	($1,516)	($1,517)
Panola College		9			5	2		16	($2,617)	($2,616)
Paris Junior College		32				2		34	($5,492)	($5,490)
Ranger Junior College**	7	6						13	$0	$0
San Jacinto College		24			46	3		73	($9,844)	($9,844)
South Plains College	15						9	24	($2,053)	($2,051)
South Texas Community College	49	36			522			607	($111,428)	($111,424)
Southwest Texas Junior College	16			10	23			49	($7,595)	($7,592)
TSTC - Amarillo					21	8		29	($7,094)	($7,092)
TSTC - Harlingen	48	45	4		98	19		214	($24,499)	($24,509)
TSTC - Sweetwater	3	8	9	9	38	57	63	187	($37,244)	($37,217)
Tarrant County Junior College	1	19			6		129	155	($12,454)	($12,451)

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College	Attribute								1996 Self-Reported Dollars	1997 Self-Reported Dollars
	CS	1	2	3	4	5	6	Tot		
Trinity Valley Community College*				1		1		2	($187)	($187)
Tyler Junior College	2	92	1		136	17	26	274	**($45,722)**	**($45,727)**
Vernon Regional College*					2	1		3	($494)	($494)
Victoria College	6	4			10		1	21	**($1,488)**	**($1,488)**
Weatherford College		79						79	($14,969)	($14,935)
Western Texas College							4	4	**($288)**	**($288)**
Wharton County Junior College*					4			4	($502)	($501)
Totals	368	1011	124	72	2516	400	276	4767	**($757,533)**	**($758,423)**
					Biennial Total					**($1,515,955)**

* College did not receive a field audit

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Attribute #

CS Class Size
1-TASP
2-Residency
3-Tuition Exemptions/Waivers
4-Proper Payment of Tuition
5-Adds/Drops and Refunds
6-Non-Semester Length Attendance

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Appendix 4 6

Spring Semester Estimate Adjustments

College	Net Hours Adjusted	1996 Dollar Adjustment	1997 Dollar Adjustment
Alamo - St. Philip's College	416	$1,938	$1,937
Angelina College	(864)	($3,204)	($3,205)
Austin Community College	(2,048)	($9,877)	($9,876)
Blinn College	0	($2,572)	($2,569)
Cisco Junior College	1,920	$8,646	$8,651
College of the Mainland	(64)	($287)	($287)
Dallas County Community College District	(336)	($1,462)	($1,461)
Del Mar College	(384)	($1,122)	($1,122)
Grayson County College	1,888	$5,040	$5,038
Houston Community College	(15,832)	($47,901)	($47,904)
Lamar - Port Arthur	(176)	($721)	($721)
Lamar Institute of Technology	(100)	($267)	($267)
Laredo Community College	(720)	($2,205)	($2,206)
Lee College	(48)	($220)	($220)
Midland College	(48)	($167)	($166)
North Harris Community College District	(8,126)	($21,276)	($21,270)
Odessa College	(8,761)	($32,174)	($32,172)
Tarrant County - South Campus	(80)	($278)	($277)
Texas Southmost College	(2,496)	($10,566)	($10,571)
Totals	(35,859)	($118,673)	($118,668)
	Biennial Total	($237,341)	

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